

Cooper Canada Limited

Revised December 5, 1985 (IC)
Destroy all previous Basic and White
cards on this Company

CUSIP Number 216646

Stock Symbol CPC

Head Office — 501 Alliance Ave., Toronto, Ont. M6N 2J3

Telephone — (416) 763-3801

THE COMPANY, directly and through a subsidiary, is engaged in the manufacture and sale of sporting goods and leathergoods and a line of protective equipment and in leather finishing for its own consumption as well as for sale to independent leather users in Canada, the United States and overseas.

Fiscal Year	Total Assets	L-term Debt	COMPARATIVE DATA					Earns. Per Sh.	Price Range	
			Shldrs.' Equity	Working Capital	Net Sales	Net Inc. Oper.	High		Low	
			— 000's						— Common Shares —	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
1984....	50,103	928	25,326	19,449	85,716	4,548	0.76	6.63	4.56	
1983....	40,476	939	22,182	16,576	75,072	3,796	0.64	5.69	1.68	
1982....	34,640	10,019	18,399	22,603	62,432	2,478	0.42	2.00	1.13	
1981....	40,870	10,830	15,202	19,176	62,827	818	0.14	2.06	1.25	
1980....	42,126	6,282	15,916	15,164	62,183	1,977	0.34	1.81	1.08	

■ Adjusted throughout for two-for-one splits, May 1985 and August 1983.

CONSOLIDATED CAPITALIZATION AS AT DECEMBER 31, 1984			
Outstanding			%
Long-term debt		\$928,000	4
Common stock	2,985,460 shs.	3,436,000	13
Retained earnings		21,890,000	83

SUMMARY STATEMENT

A subdivision of the company's outstanding common shares into one common share and one non-voting class A share was effective on May 29, 1985. Shareholders at the meeting of May 23 also approved a change in authorized capital of the company to an unlimited number of class A non-voting and common shares. All per share items in this summary have been adjusted to reflect the stock split.

For the nine months ended Sept. 30, 1985 net income fell 37% to \$1,719,000 or 29 cents per share from \$2,740,000 or 46 cents for the comparable 1984 period. Revenues were down marginally at \$63,615,000 against \$65,647,000.

Financial results for the year ended Dec. 31, 1984 showed a 20% increase in net income, operations at \$4,548,000 on net sales of \$85,716,000 against \$75,072,000 in 1983.

Extraordinary loss of \$518,000, arising from the company's decision to discontinue the operations of its foam manufacturing division, brought earnings for 1984 to \$4,030,000 or 68 cents per share. In 1983, an extraordinary gain boosted net earnings for that year to \$4,173,000.

All divisions operated profitably in 1984. New sales records were achieved by the Sporting Goods, Leathergoods and Marquette divisions, mainly as a result of expanded product lines.

N.B. — For quick reference data, see page 2.

THE FINANCIAL POST CORPORATION SERVICE

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OF MANAGEMENT

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QUICK REFERENCE DATA

Major Shareholder—As at April 17, 1985, Jack Cooper Family Sports Inc. held 54.55% interest.

Employees—At April, 1985, the company had approximately 1,230 employees.

Incorporation—Ontario charter, December 27, 1945.

Auditors—Clarkson Gordon, C.A., Toronto.

Fiscal Year End—December 31.

Annual Report Appeared—April 10 in 1985.

Annual Meeting—May 15 in 1985.

Listed—CPC, Toronto and Montreal Stock Exchanges.

Transfer Agent & Registrar—Guaranty Trust Company of Canada, Toronto.

COMPANY

Directly and through subsidiaries, the company is the largest manufacturer of sporting goods in Canada; the world's largest manufacturer and supplier of protective equipment for ice hockey; and Canada's largest manufacturer of personal leathers goods.

The company manufactures, designs, develops, markets and sells the Cooper line of sporting goods and personal, business and travel leathers goods including the Buxton line of personal leathers goods. The Cooper line of luggage and casual and sports bags is produced abroad and marketed by the company. Extensive leather finishing operations in Canada and the United States supply leather for the company's own use and for sale to Canadian, U.S. and offshore manufacturers. The Marquette division distributes an extensive line of motorcycle, all-terrain vehicle and snowmobile accessories in Canada.

NET SALES

Net sales by industry segment were as follows in the last two years:

	1984		1983	
	\$000's	%	\$000's	%
Sporting goods	65,200	76	58,000	77
Leather goods & finishing	20,500	24	17,100	23
	85,700	100	75,100	100

Net sales by geographic area were as follows:

	1984		1983	
	\$000's	%	\$000's	%
Canada	70,000	82	62,800	84
United States	15,700	18	12,300	16
	85,700	100	75,100	100

EARNINGS

Operating profit (before general corporate expenses, interest expense and income taxes) by industry segment was as follows in the last two years:

	1984		1983	
	\$000's	%	\$000's	%
Sporting goods	13,600	84	12,200	86
Leather goods & finishing	2,600	16	2,000	14
	16,200	100	14,200	100

OPERATIONS

The company carries on its activities through the following four divisions:

Sporting Goods Division

This division accounts for the company's position as the largest manufacturer of sporting goods in Canada and the world's largest manufacturer and supplier of

protective equipment for ice hockey. Operations include the sale of equipment for hockey, football, lacrosse, baseball, softball and golf as well as inflatable athletic balls, swimming accessories, darts and other athletic goods, golf bags, duffel bags and carry-on luggage. The division also designs, manufactures and sells sports clothing, including hockey sweaters and uniforms, casual sportswear, sweatsuits, baseball and soccer uniforms. The company holds all distribution rights for Unicorn line of dart products.

The company also operates the Cooper Sport Camp at Appleby College, Oakville each summer, providing instruction in several sports and conducts on-ice hockey coaching clinics across Canada and the United States.

Through Roos Manufacturing Inc., the company manufactures a line of Cooper/Roos skates.

A combination of independent representatives and company sales staff sell Cooper sporting goods lines to 1,800 retail dealers in all U.S. markets, including Alaska and Hawaii. Products are also sold by agents and distributors in the United Kingdom, Europe, Japan, Australia and New Zealand to customers in over 40 countries.

Leathergoods Division

This division manufactures and distributes personal, business and travel leathergoods under the Buxton name. Buxton lines are manufactured and sold under a licensing arrangement with Buxton Inc. which presently extends to Dec. 31, 2000. This division is also responsible for the marketing of the Cooper line of luggage and casual and sports bags. Over the past two years, innovative new products and marketing programs have been introduced by this division which have improved its position in the marketplace, in addition to profitability.

Leather Finishing Division

Specializing in the currying of tanned crust leather, the division produces approximately 40% of the leather used by the company. It also supplies independent leather users in Canada, the United States and overseas and also exports fancy finished leathers to the United States, England, Australia and New Zealand.

Marquette Division

This division was acquired in September, 1983. Marquette distributes helmets and accessories for motorcycles, all-terrain vehicles and snowmobiles. Marquette carries 19 brand name lines, mostly on an exclusive basis, including Bell and Nolan helmets, Vetter products and accessories, Carrera eye protection and sun glasses, Nady bike-to-bike communications and intercom systems and two major tire lines.

PROPERTIES

The company owns its 375,000 sq. ft. head office and plant located at 501 Alliance Ave., Toronto.

The company also owns a 74,000 sq. ft. manufacturing plant at 36 Sheffield St. in Hespeler, Ont. and a 54,000 sq. ft. warehouse is located in Lewiston, N.Y.

The company leases a sales and distribution centre at 1330 Meyerside Drive in Mississauga, Ont.

Sales offices and showrooms are located in Toronto, Montreal, Winnipeg, Edmonton and Richmond, B.C. in Canada.

CAPITAL EXPENDITURES

Capital expenditures in recent fiscal years have been as follows:

1975	\$207,387	1980	\$461,000
1976	373,098	1981	416,000
1977	745,352	1982	1,253,000
1978	724,186	1983	2,645,000
1979	636,000	1984	2,427,000

HISTORY

The company was incorporated under the laws of Ontario by Letters Patent dated Dec. 27, 1945, under the name of Cooper-Weeks Limited. Originally the business was restricted to the manufacture of leather-

goods. The manufacture and sale of ice hockey equipment began in the 1930s and was expanded considerably in the 1940s and 1950s, during which time baseball and football equipment was added.

In 1955, the manufacture and sale of the Buxton line of leathergoods was commenced in Canada under an agreement with Buxton Inc., of Springfield, Mass. This line was later extended to the U.K. and the West Indies. In 1963, under an agreement with Atlantic Products Corporation of Trenton, N.J., the company commenced the manufacture and sale of Atlantic golf bags and casual luggage.

In July, 1969, Cooper Barbados Limited was incorporated.

By S.L.P. dated Nov. 7, 1969, the name of the company was changed to Cooper of Canada Limited; and by S.L.P. dated Apr. 30, 1970, the company was converted to a public company. Cooper International Inc. was incorporated in July 1970.

During 1971, Cooper Export Limited was merged into the company.

On July 1, 1972, the company acquired a note and all outstanding shares of Hespeler-St. Marys Wood Specialties, Limited for \$540,500.

Effective Sept. 30, 1976, the company divested itself of Leathersmith of Canada Limited.

Effective June 1, 1977, by Certificate of Amendment of Articles, the company changed its name from Cooper of Canada Limited.

On Jan. 2, 1979, Hespeler-St. Marys Wood Specialties, Limited and Cooper Leather Limited were amalgamated into the company.

Effective May 4, 1979, the company acquired all of the outstanding shares of Winnell Limited and issued as consideration 78,316 of its common shares valued at \$627,000. Winnell Limited and all of its subsidiaries, with the exception of Winnell Inc., were subsequently merged into the company in November, 1979.

Also in 1979, Cooper-Weeks (Great Britain) Limited and Buxton Leather Goods (U.K.) Limited were wound down into the company.

In 1980, the company formed Cooper Sports & Leather Limited.

In 1981, the company discontinued the operations of its Barbados subsidiaries.

On Jan. 18, 1982, the company and Jacobs & Thompson Inc. jointly purchased the assets and foam processing technology of J.C. Foam Inc. The company's cost of acquisition was \$261,000.

In February of 1983, the company purchased Roos Manufacturing Inc., a producer of high quality hockey skates. The remaining interest of J. C. Foam Inc. was acquired in 1983 and this company became a division. Also during the year Winwell Inc. became a division within the company and in September, The Marquette Marketing division was acquired.

Subsequent to the year end the operations of Roos Manufacturing Inc. were merged into the company.

During 1984, the company discontinued operations of its foam manufacturing division. Accordingly, an amount of \$879,000, less applicable income tax recoveries of \$361,000, was recorded as an extraordinary loss in the 1984 statement of earnings.

WHOLLY-OWNED SUBSIDIARY

Cooper International Inc.—1707 Ridge Rd., Lewiston, N.Y. Distributes leather and sporting goods.

OFFICERS AND DIRECTORS

Officers—J. C. Cooper, chm.; J. H. Cooper, vice-chm.; H. H. Nolting, pres.; R. M. Shelston, v-p, sales & mktg.; Cooper International Inc.; M. A. Hall, v-p, Cdn. sporting goods sales; John O'Brien, exec. v-p, leathergoods div.; J. C. Gabel, exec. v-p, sporting goods div.; A. G. Spanton, corp. v-p, leather div.; G. M. Harder, v-p, Cdn. mfg.; J. M. Curran, v-p, oper.; R. J. Oswald, v-p, leathergoods sales; T. V. Glugosh, v-p, fin.; M. B. Burns, corp. counsel and sec.; Ernest Robinson, asst. sec.

Directors—J. C. Cooper, J. H. Cooper, D. A. L. Cooper, M. D. Jory, H. H. Nolting, T. G. Bolton, J. M. Curran, Toronto; D. H. Thain, London; John O'Brien, Mississauga; J. C. Gabel, Brampton; D. Bauer, Waterloo, all Ont.

CAPITAL STOCK

(At December 31, 1984)

	Author.	Outstand.	Par
Common	*10,000,000 shs.	2,985,460 shs.	n.p.v.

*Of which 21,060 shares are reserved for the granting of options.

Note—Effective May 29, 1985, outstanding common shares were subdivided on the basis of one class A non-voting share and one common share. Also authorized was the issue of an unlimited number of class A non-voting shares and an unlimited number of common shares.

Common—Entitled to one vote per share.

Options—The company has established an incentive stock option plan pursuant to which 21,060 (adjusted for 1983 split) common shares of the company have been reserved for issue under stock options to be granted to officers and employees entitling them to purchase common shares of the company at a price of not less than 90% of the market price of the shares at the date of the grant. The options are exercisable for a term of up to seven years from the date granted.

At Dec. 31, 1984, options were outstanding on 4,000 shares at \$2.82 per share, expiring in 1988.

PRICE RANGE OF STOCK

Common (old)

Year	High	Low	Year	High	Low
1974	\$9.88	\$1.90	1980	\$7.25	\$4.30
1975	3.85	2.00	1981	8.25	5.00
1976	5.63	2.30	1982	8.00	4.50
1977	5.50	4.10	1983	11.38	3.35
1978	9.00	4.40	1984	13.25	9.13
1979	8.75	6.50	1985†	12.25	10.00

†Following 2-for-1 split in August, 1983.

†To May 23, 1985 when delisted.

Common (new)

Year	High	Low
1985†	\$6.13	\$4.50

†Listed May 24. To Aug. 21, 1985.

Class A

Year	High	Low
1985†	\$6.13	\$4.50

†Listed May 24. To Aug. 21, 1985.

CHANGES IN CAPITAL STOCK

As at Dec. 31, 1969, authorized capital comprised 9,772 first preference shares, \$50 par; 10,000 second preference shares, \$10 par; 5,000 third preference

shares, 20 cents par; and 60,000 common shares, without par value. Outstanding stock consisted of 5,198 first preference shares, 2,500 third preference shares, and 25,008 common shares.

By S.L.P. dated Apr. 30, 1970, the company was converted from a private to a public company. The authorized but unissued second and third preference shares were cancelled and the first preference shares were reclassified as the only authorized preference shares. Each of the issued common shares was subdivided on the basis of 43-for-1 and the authorized common share capital was increased to 2,000,000 shares.

In the 1970 fiscal year, 1,087 preference shares were issued and 697 were purchased for cancellation. Also, all of the issued and outstanding third preference shares were purchased for cancellation at par and 275,000 common shares were issued to the public for cash, at \$8.75 per share.

In the year ended Dec. 31, 1971, 1,118 preferred shares were issued and 1,732 shares were purchased for cancellation, all at par for cash.

During 1972, 20,000 common shares and 10 preference shares were issued as part of the acquisition of a subsidiary, 1,700 common shares were issued under options, 950 preference shares were issued and 45 preference shares were purchased for cancellation at par.

During 1973, 1,700 common shares were issued under the stock option plan; 305 preference shares were issued for cash and 65 preference shares were cancelled.

In 1974, 1,867 preference shares were purchased for cancellation.

In 1975, 797 preference shares were purchased for cancellation and 6,500 common shares were issued under the stock option plan.

During 1976, 40 preference shares were purchased for cancellation and 6,200 common shares were issued for cost under the stock option plan.

On Dec. 31, 1977, 3,425 preference shares were redeemed in full at par and cancelled. During the year, 2,060 common shares were issued under the stock option plan.

During 1978, 16,150 common shares were issued under the stock option plan.

During 1979, 78,316 common shares were issued as consideration for the acquisition of Winnwell Limited and 300 common shares were issued under the incentive stock option plan.

In 1980, authorized common stock was increased to 5,000,000 shares and the remaining 1,104 authorized preference shares were cancelled. The company had outstanding at Dec. 31, 1980, 1,483,270 common shares.

In 1981, 3,000 shares were issued under options.

In 1982, 1,060 common shares were issued under options bringing capital stock outstanding at Dec. 31, 1982 to 1,487,330 common shares.

On Aug. 15, 1983, the authorized and issued common shares of the company were split on a two-for-one basis. Also during the year, 6,800 shares were issued under options bringing capital stock outstanding at Dec. 31, 1983 to 2,981,460 common shares.

During 1984, 4,000 shares were issued on the exercise of options.

Subsequent to the year end, a further 2,000 common shares were issued.

At the company's annual meeting on May 15, 1985 (adjourned from Apr. 26, 1985 due to investor concern regarding the proposed split of shares), shareholders approved the subdivision of the company's common shares into one common and one non-voting class A share. Class A non-voting shares carry a non-cumulative preferential dividend right and will be non-voting except in the event of a takeover bid unless the same offer as made to holders of the voting common shares

is made to holders of class A non-voting shares. Shareholders also approved a change in the authorized capital of the company to an unlimited number of class A non-voting and common shares. Following completion of the subdivision, there were 2,987,460 common shares and 2,987,460 class A non-voting shares.

DIVIDENDS

Note—On May 29, 1985 common shares were subdivided into common and class A shares, effectively a 2-for-1 stock split.

Common—A dividend of 30 cents per common share was paid on Apr. 22, 1985. A similar dividend was paid on Apr. 27, 1984. Previously, a dividend of 27½ cents per pre-split common was paid on Apr. 29, 1983. Payments of 25 cents per share, tax-deferred, were made on May 23 (initial) and on Dec. 15 in 1978.

A special dividend of 50 cents, tax-deferred, was made on Dec. 15, 1978 comprised of an extraordinary payment of 25 cents, tax-deferred, and 25 cents, tax-deferred, prepayment of 1979 dividend. Prior to these payments, a stock dividend of 2,500 third preference shares, par value 20 cents each, declared in 1965.

Preference (old)—Entitled to 8% (\$4.00) per annum, cumulative. All preference shares were privately held by employees of the company.

Dividends were paid regularly, semiannually from 1965 to Dec. 31, 1977, at which time they were redeemed.

LONG-TERM DEBT

As at Dec. 31, 1984, long-term debt totaled \$928,000, including \$22,000 due in one year, as follows: \$709,000 in 10% series A sinking fund debentures, due 1990; and \$219,000 in a 6.5% mortgage, payable US\$2,237 monthly to 1992.

Details on debentures as follows:

10% Sinking Fund Debentures, Series A:

Dated Dec. 15, 1970; due Dec. 15, 1990.

Principal and interest payable half-yearly (June and Dec. 15) and premiums, if any, payable in lawful money of Canada at any branch of the company's bankers.

Authorized and issued \$2,500,000. Outstanding at Dec. 31, 1984, \$709,000.

Denominations—Coupon debentures registrable as to principal only in denominations of \$1,000; and fully registered in denominations of \$1,000 and multiples thereof.

Trustee—Central Trust Company.

Redeemable—Not redeemable prior to Dec. 15, 1985 as part of a refunding operation involving the application, directly or indirectly, of borrowed funds having an interest cost to the company of less than 10% per annum. Otherwise redeemable prior to maturity in whole or in part at the option of the company on 30 days' notice at the following rates on or before Dec. 15, in each year:

1971 ..	110.00	1977 ..	106.40	1983 ..	102.80
1972 ..	109.40	1978 ..	105.80	1984 ..	102.20
1973 ..	108.80	1979 ..	105.20	1985 ..	101.60
1974 ..	108.20	1980 ..	104.60	1986 ..	101.00
1975 ..	107.60	1981 ..	104.00	1987 ..	100.40
1976 ..	107.00	1982 ..	103.40		

and thereafter at par to maturity; plus in all cases accrued interest.

Sinking Fund—The company will covenant to retire by purchase for cancellation or by redemption \$100,000 principal amount of series A debentures on Dec. 15 in each of the years 1975 to 1989 inclusive.

Security—A direct obligation of the company, a first fixed and specific mortgage on the monies comprising the construction fund and all shares and securities of subsidiary companies; a first floating charge on all undertaking and business and all other properties and assets of the company located in Canada.

Offered—In December, 1970 by Dominion Securities Corporation Limited, at par and accrued interest.

INTERIM REPORT

For the nine months ended Sept. 30, 1985, net income fell 37% to \$1,719,000 or 29 cents per share from \$2,740,000 or 46 cents for the comparable 1984 period. Revenues were down marginally at \$63,615,000 against \$65,647,000. Lower sales in the Leather Finishing division (down 72%) more than offset improvements of Canadian Sports (up 2%), U.S. sports (up 17%) overseas sports (up 8%) Leathergoods and luggage (up 17%) and Marquette (up 7%) divisions. The Cooper hockey camp also had record attendance sales and earnings.

Product liability insurance premiums totaled

\$1,200,000 for the 1985 period against \$174,000 a year earlier. The company, for the present adds to the price of its sporting goods to cover these extra costs.

Changes in Financial Position:

Funds provided for the nine months ended Sept. 30, 1985 totaled \$2,866,000 including \$2,859,000 from operations.

Funds applied amounted to \$1,364,000 comprising \$896,000 in dividends, \$433,000 purchase of fixed assets and \$35,000 decrease in long-term debt.

Working capital increased \$1,502,000 during the period to \$19,449,000 at Sept. 30, 1985.

INTERIM EARNINGS

Fiscal Year	3 months			6 months			9 months		
	Sales	Net Inc. Oper.	Earns. per Com. Sh.	Sales	Net Inc. Oper.	Earns. per Com. Sh.	Sales	Net Inc. Oper.	Earns. per Com. Sh.
	\$000's		\$—	\$000's		\$—	\$000's		\$—
1978 ..	9,696	d60	d0.02	22,757	19	0.01	39,113	1,148	0.41
1979 ..	10,379	d364	d0.13	26,312	d51	d0.02	43,672	645	0.23
1980 ..	12,140	d619	d0.21	28,019	d514	d0.18	48,728	770	0.26
1981 ..	10,967	d665	d0.23	28,982	d305	d0.10	49,541	455	0.16
1982 ..	12,441	d568	d0.19	28,137	301	0.10	47,078	1,804	0.61
1983 ..	13,029	d191	d0.07	31,832	1,081	0.37	55,604	3,018	0.51
1984 ..	16,386	d52	d0.02	39,973	1,213	0.21	65,647	2,740	0.46
1985 ..	14,643	d511	d0.09	36,663	210	0.04			

*Adjusted throughout for 2-for-1 stock split Aug. 15, 1983.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
Years ended December 31

	1984	1983	1982	▲1981
	\$000's			
Source of Cash:				
Net income, oper.	4,548	3,796	2,478	818
Depr. and amort.	1,368	1,220	822	724
Deferred income tax	194	498	550	208
Sh. loss, subsid.			63	■ 532
Incr. accts. receiv.	■ 539	■ 1,743	■ 645	868
Reduction of invent.	■ 8,539	■ 2,865	5,736	■ 2,975
Reduction of prepaid exp.	■ 2,137	5,936	434	372
Proceeds disposal f.a.	90	377	1,122	....
Reduction, inc. taxes ....	....	....	716	....
Proceeds of s.-t. notes ....	....	....	....	1,789
Issue of common shs.	11	19	3	11
	d5,004	7,238	11,279	1,283
Use of Cash:				
Reduction, debent. & mtge.	14	81	813	452
Purchase of f.a.	2,427	2,645	1,253	416
Invest. in assoc. ....	....	....	261	....
Dividends	897	409	....	....
	3,338	3,135	2,327	868
Decrease in bank debt	†8,342	4,103	8,952	415
Bank debt, beg. yr.	6,318	10,421	19,373	19,788
Bank debt, end of yr.	14,660	6,318	10,421	19,373

■ Subtract.

▲As shown in 1982 annual report.

†Increase.

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
Years Ended December 31

	1984	1983	1982	1981	1980	1979	1978
	-\$000's						
Gross sales	91,459	80,156	66,883	66,988	65,531	58,712	52,656
Less: Disc., tax & freight	5,743	5,084	4,451	4,161	3,348	2,902	3,227
Net sales	85,716	75,072	62,432	62,827	62,183	55,810	49,429
Less: Oper. costs	74,311	64,941	54,210	57,049	55,901	51,844	44,364
Net before deprec., etc.	11,405	10,131	8,222	5,778	6,282	3,966	5,064
Less: Deprec. & amort.	1,368	1,220	822	724	746	748	626
L-term debt interest	86	233	1,575	1,905	934	1,022	929
Other interest	2,402	1,274	2,101	2,933	2,866	2,068	1,138
Add: Foreign exch. gain, etc.	386	d468	323	d105	369	d107	216
Earns. discount. ops. ....	.....	.....	.....	929	.....	.....	.....
Less: Income taxes: Current	3,193	2,642	1,019	14	176	20	525
Deferred	194	498	550	208	▶478	▶454	21
Net income, operations	4,548	3,796	2,478	818	1,977	455	2,039
Add: Extraord. item□	†518	377	716	d1,543	76	.....	.....
Net income	4,030	4,173	3,194	d725	2,053	455	2,039
Add: Previous ret. earns.	18,757	14,993	11,799	12,524	10,471	10,016	9,600
Less: Dividends	897	409	.....	.....	.....	.....	▶1,624
Retained earnings	21,890	18,757	14,993	11,799	12,524	10,471	10,016

Note—Due to truncating, sums may not equal totals in 1978.

▲Including \$221,000 representing 15% taxes paid on a portion of 1971 undistributed surplus on hand.

▶Credit, †Subtract.

□ In 1984, comprises \$879,000, less applicable income tax recoveries of \$361,000 relating to the discontinuation of operations of the company's foam manufacturing division; in 1983, recovery of amount previously provided for loss on discontinued operations; in 1982 and 1980, reduction of income taxes on application of prior years' losses; in 1981, provision for loss on discontinuance of Barbados operations.

Remuneration—Of directors and officers has been as follows: \$1,368,794 in 1984; \$733,812 in 1983; \$626,000 in 1982; \$395,548 in 1980; \$281,041 in 1979 and \$435,962 in 1978.

Times All Interest Earned:

Before deprec. & amort.	4.58	6.72	2.24	1.19	1.65	1.28	2.45
After deprec. & amort.	4.03	5.91	2.01	1.04	1.46	1.04	2.15

Earnings per Share:

(A) Based on net income, operations							
Common: Earned□	\$1.52	\$1.27	\$0.84	\$0.28	\$0.67	\$0.16	\$0.73
(B) Based on net income							
Common: Earned□	\$1.35	\$1.40	\$1.08	d\$0.25	\$0.69	\$0.16	\$0.73

□ Adjusted throughout for 2-for-1 split, Aug. 15, 1983. Effective May 29, 1985, common shares were subdivided on the basis of one class A non-voting share and one new common share for each old common share held.

Dividends Paid or Declared:

Common (new●)	\$0.30	.....	.....	.....	.....	.....	.....
Common (old†) .....	.....	\$0.275	.....	.....	.....	.....	▶\$0.75

▶Tax-deferred. Includes 25 cents extraordinary dividend and 25 cents prepayment of 1979 dividend.

†Before (●after) 2-for-1 split Aug. 15, 1983.

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31

	1984	1983	1982	1981	1980	1979	1978
	\$000's						
Assets							
Current:							
Short-term bank deposit					1,790		22
Accounts receivable	12,653	12,114	10,371	9,726	10,625	10,315	9,185
Inventories*:							
Raw materials	9,237	7,236	5,402	6,177	8,792	13,064	5,675
Work in process	2,436	2,006	1,588	1,593	1,758	1,817	1,006
Finished goods	17,719	11,611	10,998	15,954	11,669	10,530	10,937
Prepaid expenses, etc.	406	308	307	580	691	545	886
	42,451	33,275	28,666	34,030	35,325	39,271	27,714
Fixed assets at cost:							
Buildings	6,297	6,250	6,189	6,179	6,145	6,145	6,117
Mach., equip., etc.	8,725	7,652	5,340	4,191	4,521	4,171	3,354
Dies, moulds, etc.	515	329	210	235	567	619	435
Land	91	91	91	91	91	91	90
Less: Accum. deprec.	7,976	7,121	6,054	5,351	5,104	4,518	4,000
	7,652	7,201	5,776	5,345	6,220	6,508	5,998
Invest. non-consol. subsids.			198	1,122			
Deferred income taxes				373	581	533	
	50,103	40,476	34,640	40,870	42,126	46,312	33,713
Liabilities							
Current:							
Bank indebtedness	14,660	6,318	1,421	10,373	15,853	17,423	8,283
Accts. payable	6,704	6,178	3,672	3,463	3,380	6,380	3,153
Income & other taxes pay.	1,616	4,184	952	1,002	695	641	352
Long-term debt due	22	19	18	16	233	603	1,134
	23,002	16,699	6,063	14,854	20,161	25,047	12,924
Long-term debt:							
Bank loans			9,000	9,000	4,000	5,375	5,875
10% s.f. debts., due 1990	709	714	778	1,582	1,892	1,920	2,053
6.5% mortgage, due 1992	219	225	241	248	265	273	291
Notes pay. to shldrs.					125	437	504
Less: Amt. due 1 yr.	22	19	18	16	233	603	1,134
	906	920	10,001	10,814	6,049	7,402	7,589
Deferred taxes	869	675	177				418
Shareholders' Equity							
Capital stock:							
Common	3,436	3,425	3,406	3,403	3,392	3,392	2,764
Retained earnings	21,890	18,757	14,993	11,799	12,524	10,471	10,016
	50,103	40,476	34,640	40,870	42,126	46,312	33,713

Note—Due to truncating, sums may not equal totals in 1978.

*At lower of cost (determined on a first-in, first-out basis) and estimated net realizable value.

Lease Agreements—Annual rentals (excluding certain occupancy charges) under lease agreements for warehouse premises amount to approximately \$350,000 annually to 1992.

Commitments—At Dec. 31, 1984, letters of credit for US\$1,490,000 were outstanding.

Contingent Liabilities—Company is contesting an income tax assessment plus interest thereon totaling \$480,000.

Working Capital (\$000's):

Current assets	42,451	33,275	28,666	34,030	35,325	39,271	27,714
Current liabilities	23,002	16,699	6,063	14,854	20,161	25,047	12,924
Working capital	19,449	16,576	22,603	19,176	15,164	14,224	14,790
Ratio	1.85—1	1.99—1	4.73—1	2.29—1	1.75—1	1.57—1	2.14—1

Equities:

Net worth* (\$000's)	25,326	22,182	18,399	15,202	15,916	13,863	12,780
Debentures, per \$1,000	\$36,721	\$32,067	\$24,649	\$10,609	\$9,412	\$8,220	\$7,225
Common	4.24	3.72	3.10	2.56	2.69	2.34	2.28

*Available for capital stock. Based on shareholders' equity. Debentures taken in at par before calculating their equity.

□ Adjusted throughout for 2-for-1 splits, Aug. 1983 and May 1985.

Shares Outstanding:

Common	2,985,460	2,981,460	1,487,330	1,486,270	1,483,270	1,483,270	1,404,654
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▲Following 2-for-1 split, Aug. 15, 1983.

Note—Effective May 29, 1985, all outstanding common shares were subdivided on the basis of one class A non-voting share and one common share.

HISTORICAL SUMMARY
(As originally stated in company's annual reports for the respective years)

Year Ended Dec. 31	Total Assets	Working Capital	L.-t Debt	Shldrs.' Equity	Net Sales	Net Inc. Oper.	Earns. per Com. Sh.	Com. Price High	Price Range Low
				\$000's			\$	\$	\$
1969 ..	5,536	1,914	410	2,147	10,214	521			
1970 ..	10,081	4,973	2,557	5,185	12,850	815	0.58		
1971 ..	12,466	5,828	2,552	6,232	17,469	1,121	0.82	*15.50	*8.88
1972 ..	18,639	6,406	4,547	7,565	21,760	1,004	0.75	19.00	14.63
1973 ..	29,516	6,207	4,284	8,116	30,638	534	0.37	16.75	8.00
1974 ..	31,125	5,554	3,676	8,267	35,658	267	0.18	9.88	1.90
1975 ..	28,772	6,678	4,138	9,285	33,904	932	0.66	3.85	2.00
1976 ..	28,227	10,681	6,545	10,846	39,051	1,563	1.12	5.63	2.30
1977 ..	32,889	14,991	8,269	12,316	42,804	1,650	1.18	5.50	4.10
1978 ..	33,713	14,791	8,725	12,780	49,429	2,040	1.45	9.00	4.40
1979 ..	46,312	14,224	8,005	13,863	55,810	455	0.31	8.75	6.50
1980 ..	42,126	15,164	6,282	15,916	62,183	1,977	1.33	7.25	4.30
1981 ..	40,870	19,176	10,830	15,202	62,827	818	0.55	8.25	5.00
1982 ..	34,640	22,603	10,019	18,399	62,432	2,478	1.67	8.00	4.50
1983 ..	40,476	16,576	939	22,182	75,072	3,796	□ 1.27	□ 11.38	□ 3.35
1984 ..	50,103	19,449	928	25,326	85,716	4,548	1.52	13.25	9.13

*Listed Feb. 19, 1971.

□ Following 2-for-1 split, Aug. 15, 1983.

(This information is obtained from sources we believe to be reliable, but is not guaranteed)